

**U.S. Small Business Administration
Interview with Bill Elmore (11-3-09)**

Ron Johnson: Every day, men and women of the U.S. Armed Forces face economic choices after they separate from the military. Today's slowing economy makes it harder to find a job. Maybe it might be a great time to start thinking about starting a small business. But how do you do it? How do you get started and where do you go to get help?

Hello, I'm Ron Johnson with the U.S. Small Business Administration, your small business resource. And with me today is Bill Elmore. He's associate administrator of the office of Veterans Business Development. Welcome, Bill.

Bill Elmore: Well, Ron, thank you for having me here today and thank you for the chance to explain our services to our veterans and our reservists as well.

Ron Johnson: I recently read that the unemployment rate of veterans is over 11 percent and that the economic downturn has hit Iraq and Afghanistan veterans harder than other workers, and this is sobering news. So how does SBA's Office of Veteran Business Development assist our veterans?

Bill Elmore: The veteran's unemployment statistics are grim but I note that veterans' self-employment rate is the highest in the nation. There are no easy answers to veterans' unemployment. However, it is important that veterans explore every opportunity including starting their own small business.

The mission of the Office of Veterans Business Development is to maximize the availability, the applicability and the usability of all of the administration's small business programs for veterans, for services-disabled veterans, for reserve component members and for their dependents or survivors, including their spouses. Basically, we are the liaison with the veterans' business community.

In my position, I am responsible for policy analysis and reporting, for acting as an ombudsman for veterans and small business administration programs, for providing business training, counseling and assistance, and for overseeing the federal procurement programs for veteran and services-able veteran small business owners.

Ron Johnson: Now, Bill, what is the veteran's business outreach program? Tell us about it.

Bill Elmore: We develop and deliver a number of programs, and through those programs we provide comprehensive outreach, entrepreneurial development services such as business training, counseling, mentoring, referrals for eligible veterans owning or considering starting a small business, and a broader range of other assistance based on all of SBA's programs. We have numerous programs that assist veterans including eight individual organizations called Veterans Business Outreach centers.

Those centers, which are very specific to veterans and reservists, participate in and conduct outreach to veterans and reserve component members and they provide coordinated access to the full range of SBA's and other entrepreneurial support services and programs in the public and the private sector.

Ron Johnson: Now, I understand that SBA offers many resources for veterans, but what are some of the important first steps veterans should take before, say, deciding to open a business?

Bill Elmore: Well, I think there's really a couple of things. You can start with a self-assessment but you also may want to contact one of our 68 SBA district offices. Each of those district offices has a veterans' business development officer assigned to it, and that person can be your initial guide for all the services and programs that we offer.

Now back to the self assessment. If you've got an idea for a business, now is the time to evaluate if your dream of starting the business can become a reality. The checklist for starting a business is a comprehensive online self-directed training tool designed to prepare you for self-employment by analyzing your responses in key areas and providing a menu of support in resources. You can find this on SBA's website at www.sba.gov.

Ron Johnson: Veterans now have a checklist to help them plan for their business. But raising the capital is another hot topic. So what kind of financial assistance is available?

Bill Elmore: Well, there's a broad range of SBA loan programs and I'll talk about our two primary ones. The largest is what we call the 7(a) Loan Guaranty Program and this includes, again, the Patriot Express Pilot Lending Initiative. Our 7(a) Loan Guaranty Program is one of SBA's primary lending programs. It provides loans to small businesses unable to secure financing on reasonable terms through normal lending channels.

The second area is what we call the Certified Development or 504 Loan Program. The 504 Certified Development Program provides growing businesses with long-term, fixed-rate financing from major fixed assets such as land and buildings, equipment, those kinds of things.

Another loan product is called SBA Export Express. SBA Export Express combines the SBA's small business lending assistance with technical assistance programs to help a small business that traditionally have had difficulty in obtaining adequate export financing. So, obviously, if you're interested in exploring import-export opportunities with partners overseas or perhaps even any of the areas you served when you were in the military, SBA Export Express is one product to look at.

Another product is our microloan program; and this provides very small loans to start up, newly established, or growing small business concerns. In this program, SBA makes funds available to not-for-profit community lenders, what are called intermediaries, which in turn make loans to eligible borrowers in amounts up to a maximum of \$35,000. The average loan size in this program is about \$12,000 and applications are submitted to your local intermediary

and all credit decisions are made at the local level. Again, information about all of these loan programs is available at the SBA website at www.sba.gov.

Ron Johnson: Excellent, Bill. Now, another question. Are there additional loan incentives under the Recovery Act? And if so, how do they benefit veterans?

Bill Elmore: Well, yeah. It's a good question, Ron. When the Recovery Act first came through from Congress and the agency was directed to begin to deliver these products and services, we included our Patriot Express Pilot Loan Program in our Recovery Act initiative. So I'll give you a broader overview of the Recovery Act programs.

In so far, since the Recovery Act passed in February, SBA has implemented programs for nearly all of the \$730 million in SBA Recovery Act funding that we received, and this includes eliminating and reducing fees for borrowers on 7(a) loans and for borrowers and lenders on our 504 loans. Raising to 90 percent the guarantee on 7(a) loans so the lender now has more of an incentive to provide your loan because of our increased guarantee.

We doubled the surety bond guarantee from \$2 million to \$5 million and this provides small business especially those in the construction arena with another tool to help them compete for federal construction and service contracts. We also assist struggling small businesses with what's called the Arc Loan; which provides a no-interest deferred payment loan to you as a small business owner for up to \$35,000 to help you make debt payments. We provide refinancing opportunities for certain small businesses in the SBA 504 loans and for expansion and job creation. We also expanded access to investment capital for small business by increasing funding levels for SBA-licensed small business investment companies. So if any of these sound like they fit your circumstance, please contact our district office for further information.

We've also provided a significant share of loans supported by Recovery Act programs to rural small businesses about 27 percent, to minority-owned small businesses about 20 percent of our loans, to women-owned about 19 percent and 9 percent of our new loans through the Recovery Act have gone to veteran-owned small businesses.

Ron Johnson: I was reading your Patriot Express brochure and I see that you also assist current small business owners. Could you explain to our listeners what is the Patriot Express Program, and what kinds of assistance can they expect to get?

Bill Elmore: Well, it's a special program that we've put together a little over two years ago and what's unique about it is the number of elements. First off, in the Recovery Act, we provide 90 percent guarantees and we've eliminated the fees to the borrower so those are temporary changes. So if you're interested in this, you may want to explore these right now.

The loan itself is targeted to more than veterans. We targeted specifically to veterans, to services-disabled veterans, to reserve component members. To transition assistance-eligible service members who are presently serving but are going to be leaving military service. To

spouses of all of the above and to widows and survivors of a veteran who died in the service or who died of a service-connected disability.

The maximum amount of the loan is up to \$500,000 and along with the loan, we've tried to tie in a broad range of technical assistance, business counseling and training. So if you're near one of our thousand small business development centers, you may want to talk to them about some of your early stage business counseling and business planning assistance.

If you're interested in competing in a federal marketplace, and there is a three percent goal for service-connected disabled veterans in the federal marketplace. Then you again want to talk to our district offices, talk to our resource partners, make sure your plan is ready. And make sure that you've prepared your business for how to compete in the federal marketplace. It's a very complicated marketplace but it's a huge one as well and there's an opportunity there for disabled veterans and for other veterans.

So what we do with Patriot Express is we try to tie all of this together in one package so that depending on where you're at and you're starting up in your early stage or your mature operation as a business, there's opportunities for you to proceed from there.

Ron Johnson: Our thanks to Bill Elmore, associate administrator of the Office of Veterans Business Development for being here with us today. Now, maybe you already own a small business or you're facing the challenges of what to do after leaving the military. Checking out SBA's veterans' resources should be at the top of your very list. Now, you can learn more about SBA's programs and services by contacting the SBA or going online at www.sba.gov. Until next time, this is Ron Johnson with SBA, your small business resource.

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